

Message Text

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11

ACTION NEA-10

INFO OCT-01 ISO-00 L-03 EB-07 CIAE-00 DODE-00 PM-04 H-02

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USIA-06 JUSE-00 OMB-01 TRSE-00 SAM-01 STR-04 /070 W

----- 118312

R 211004Z DEC 75

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3678

USDOC

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY CAIRO

AMEMBASSY MANAMA

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY MUSCAT

LIMITED OFFICIAL USE ABU DHABI 2596

E.O. 11652: N/A

TAGS: ETRD, TC

SUBJ: ANTITRUST SUIT AGAINST BECHTEL

REF: STATE 297842

1. TOGETHER WITH OTHER ANTI-BOYCOTT ACTIONS BEING TAKEN BY USG,
JUSTICE DEPT. ACTION AGAINST BECHTEL WILL HAVE SPECIAL IMPACT
IN UAE. IT IS FAR AND AWAY THE PREMIER US FIRM OPERATING HERE,
CURRENTLY ENGAGED IN THE LARGEST SINGLE CONSTRUCTION CONTRACT
(DAS ISLAND LNG PLANT), AND WITH THE INSIDE TRACK AS WELL ON
THE \$1.2 BILLION ON-SHORE GAS UTILIZATION PROJECT. IN ADDITION,
BECHTEL HAS WON UNIQUE POSITION OF CONFIDENCE WITH ABU
DHABI LEADERSHIP AND AS RESULT HAS BEEN AWARDED
SEVERAL IMPORTANT AND CONFIDENTIAL CONSULTANCIES--FOR
EXAMPLE ENGINEERING FOR MILITARY AIRPORT AND LONG-TERM
INDUSTRIALIZATION SCHEME FOR ABU DHABI. ASIDE FROM OTHER
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WASHINGTON ACTIONS, THEREFORE, CASE AGAINST BECHTEL, IF

IT IS PURSUED, IS LIKELY TO PUSH WHOLE BOYCOTT ISSUE TO FORE HERE. ABU DHABIANS WILL REACT WITH PUZZLEMENT AND CONCERN AT THIS INSTANCE OF USG WILLINGNESS TO INFILCT WOUNDS UPON ITSELF.

2. IT IS TOO EARLY TO PREDICT THAT AS RESULT OF ANTI-BOYCOTT CAMPAIGN IN US UAE OFFICIALS AND MERCHANTS WILL DECIDE IT IS NOT WORTH DEALING WITH US FIRMS. WE ARE MORE DISTURBED AT EFFECT SUIT AGAINST BECHTEL WILL HAVE ON HOW US FCNMS PERCEIVE THE RISKS ASSOCIATED WITH OPERATING IN THE UAE. LIKE THE OLD MAID WHO SEARCHES UNDER HER BED AT NIGHT, SO DO MANY US FIRMS FIND POTENTIAL RISK IN ALMOST EVERY ASPECT OF DOING BUSINESS HERE. BECAUSE THE

AREA IS SO NEW, THE "DOWNSIDE" RISKS FOR US CONTRACTORS IS HIGH. TO THE SCYLLA OF THE LOCAL ENVIRONMENT MUST NOW BE ADDED THE CHARYBDIS OF ANTI-TRUST LEGISLATION.

3. IMPLICATIONS OF OTHER ANTI-BOYCOTT MEASURES EMANATING OUT OF WASHINGTON, INCLUDING OUR EFFORTS WITH UAE OFFICIALS TO KEEP LID ON WHILE DEPARTMENT ATTEMPTS BRING SITUATION UNDER CONTROL, ARE SUBJECT OF SEPTEL. WE WISHED, HOWEVER, TO FLAG SPECIAL POSITION BECHTEL HAS HERE AS SYMBOL OF US BUSINESS PRESENCE. WE URGE DEPT AND WHITE HOUSE TO DO EVERYTHING POSSIBLE TO DISSUADE JUSTICE DEPT FROM PURSUING SUIT. IF BECHTEL GETS EMBROILED IN LONG DRAWN OUT LITIGATION WE BELIEVE IT WILL HAVE SERIOUS DAMPENING EFFECT ON WILLINGNESS US FIRMS TO COMPETE FOR CONTRACTS HERE AND ELSEWHERE IN ARAB WORLD. MOREOVER, IT APPEARS CLEAR THAT PRESSING SUIT ON THESE LINES AGAINST BECHTEL GOES FAR BEYOND EITHER PRESENT US LEGISLATION OR PRESIDENT'S INTENTIONS IN TIGHTENING US REGULATIONS ON BOYCOTT, BOTH OF WHICH ARE CAREFUL TO LEAVE FINAL DECISION RE COMPLIANCE OR NON-COMPLIANCE WITH BOYCOTT REGS IN HANDS OF FIRMS THEMSELVES.

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